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## **Top 5 States for Growth in Women-Owned Businesses in Western United States**

Washington, DC - September 24, 2003 - The nation's "hot spots" for women's entrepreneurship are clustered in the western United States according to a new study by the Center for Women's Business Research. Idaho and Wyoming tied for first place followed by Utah, Nevada and Arizona as the top five states in the nation for growth and expansion in women-owned businesses according to the report *Location, Location, Location*, underwritten by Wells Fargo & Company. Between 1997 and 2002, on average, the number of women-owned businesses in these five states grew at more than twice the rate of the rest of the country, at an average rate of 28.8%, compared to 14.0% for all other states.

The top five states all shared the characteristics of very strong overall business growth and market expansion, a greater than average degree of federal financial support for small business, higher than average population growth, lower than average wages, lower than average employment of women in professional and managerial positions, and an overall state tax structure that relies more on sales taxes than corporate and personal income taxes as a source of revenue.

"Women business owners in these states are taking full advantage of the special opportunities presented by a vibrant, growing economy, a relatively low-cost workforce and government programs providing access to capital, training and technical support," said Myra M. Hart, Chair, Center for Women's Business Research and Professor, Harvard Business School. "Not only are they growing at twice the rate of all women-owned business in the United States – their businesses are expanding in employment and revenues by more than two and a half times the rate of all U.S. women-owned enterprises."

In these high growth states, employment by women-owned businesses expanded at an average rate of 76.3% compared to an average rate of 29.9% for women-owned firms in the rest of the country, and the sales of these firms grew by an astounding 116.9% on average, compared to 40.9% on average for women-owned businesses in the rest of the country between 1997 and 2002. Further, a higher proportion of the women in these states are business owners compared to the rest of the states.

All five states which lead the nation in the growth of women's entrepreneurship have experienced higher-than-average levels of federally guaranteed loans. The dollar value of small business loans guaranteed by the Small Business Administration (SBA) relative to state population is markedly higher than in the remaining states (\$70 per capita compared

to \$47 per capita). Since small business lending by commercial banks is relatively lower in the top five growth states compared to other states, it appears that women business owners may be turning to federally supported sources for capital that may not be as readily available from commercial sources.

“Access to capital is critical for small business growth,” said Joy Ott, National Spokesperson for Wells Fargo’s Women’s Business Services program. “As the nation’s leading small business lender, we are committed to opening up the availability of credit and helping women business owners become successful financially.”

Women business owners in the entrepreneurial hot spots also benefit from a much lower ratio of women to SBA-funded Women’s Business Development Centers (658,000 women per center compared to 1,668,000 per center). The result may be that women in these states have greater access to the technical assistance, coaching and training provided by the Women’s Business Development Centers.

These states are experiencing very strong overall business growth and market expansion. The Center’s data indicates that from 1997-2002, all businesses in these states experienced higher than average growth in number, employment, and sales of all businesses. On a scale of 1 (highest growth) to 51 (lowest growth), these entrepreneurial hot spots averaged a rank of 10.6 compared to an average rating for the other states of 26.9. Using the same scale, women-owned businesses in these five states had an average ranking of 2.8 in growth, substantially higher than overall business growth in these states. Other key areas where these top five states differ from others include their overall tax structure and industry distributions. These states tended to rely much more on sales taxes as a source of revenue, and less on personal income and corporate taxes than do other states. In the top five states, relatively lower business and personal income taxes appear to contribute to a strong entrepreneurial environment.

Women-owned businesses in the top five states also differ from women-owned firms in the rest of the United States in their industry profile. Compared to other states, women-owned businesses in these five states are less likely to be in services and agriculture and more likely to be in finance, real estate, insurance, or wholesale trade. Women in these states are also less likely than in other states to hold an elected position or be active in political issues.

“Part of the explanation for the dramatic growth of women-owned businesses in these states may be that the women are turning to business ownership as a source of professional and financial opportunity which is not as readily available to them in other settings,” said Hart.

The report, *Location, Location, Location* is available for \$130. This report includes tables for all 50 states and the District of Columbia. (Discounts are available for Center corporate partners and NAWBO members.) For further information, contact: Center for Women’s Business Research, 1411 K Street, NW, Suite 1350, Washington, DC 20005-3407 Phone: 202-638-3060, ext. 10, Email: [info@womensbusinessresearch.org](mailto:info@womensbusinessresearch.org), Web site: [www.womensbusinessresearch.org](http://www.womensbusinessresearch.org).

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### **Center for Women’s Business Research**

The Center for Women’s Business Research is the premier source of knowledge about women business owners and their enterprises worldwide. The Center’s mission is to

unleash the economic potential of women entrepreneurs by conducting research, sharing information and increasing knowledge about this fast-growing sector of the economy. Since 1989, the Center for Women's Business Research has "painted the picture" of the women-owned business landscape by providing original research documenting the economic and social contributions of women-owned firms. This knowledge transforms entrepreneurial opportunities for women worldwide and is changing the face of the global business environment. The Center shares its knowledge with policy makers, financial institutions, corporate leaders, government agencies and the media through research reports, press releases, newsletter publications, seminars, speaking engagements and worldwide on the Internet at [www.womensbusinessresearch.org](http://www.womensbusinessresearch.org).

### **Wells Fargo & Company**

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Providing financial products and services to more than one million businesses with annual sales up to \$20 million in all 50 states, Puerto Rico and Canada, Wells Fargo is the #1 lender to small businesses in the United States in total dollar volume. Wells Fargo is among the top four SBA lenders nationally, and a SBA Preferred Lender in 28 states and the District of Columbia, and originated 2,256 SBA loans totaling \$469 million for the twelve months ending September 30, 2002. Speer & Associates rated the Wellsfargo.com small business site the best online banking site for small business customers in 2002 ([wellsfargo.com/biz](http://wellsfargo.com/biz)). Its targeted business services programs provide outreach and education to women, African American, Latino, and Asian business owners about financial services. Since 1995, Wells Fargo has loaned more than \$18 billion to women and minority business owners.